

IDLC MONTHLY

BUSINESS

REVIEW



White Goods Financing
Prospective Market Segment
for Retail Lending

ফিক্সড ডিপোজিট করতে খুব খেয়াল...

ফিউচার প্ল্যান ফিক্সড করে নেয়ার জন্যই ফিক্সড ডিপোজিট। ভবিষ্যতের সঞ্চয় যেন অভিজ্ঞ হাতে নিশ্চিত থাকে, সেই লক্ষ্যে ফিক্সড ডিপোজিট করার আগে ব্যাংক অথবা আর্থিক প্রতিষ্ঠানটির যে বিষয়গুলোর প্রতি বিশেষভাবে খেয়াল রাখবেন-

- ব্যাংক বা আর্থিক প্রতিষ্ঠানের মোট মন্দখণের হার
- সুশাসন ও স্বচ্ছ আর্থিক প্রতিবেদন প্রকাশের জন্য জাতীয় ও আন্তর্জাতিক স্বীকৃতি
- দেশজুড়ে আন্তরিক সেবাসহ শাখা অফিসের সহজলভ্যতা

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৩৩ বছরের অভিজ্ঞতা
নিয়ে আপনার পাশে



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**White Goods Financing
Prospective Market Segment
for Retail Lending**

As the middle and affluent income groups in Bangladesh grow due to booming economic growth, consumer affordability has changed such that white goods are no longer luxury products, rather necessities in every home. Air conditioners, refrigerators and other home appliances are now just as common as the smart phones in people's hands, and there lies a tremendous untapped financing market in Bangladesh as demand continues to skyrocket in the last two decades.

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White Goods Financing : Focused strategy needed for growth

According to a study in 2015 by the Boston Consulting Group, the middle and affluent class (MAC), which includes households that earn at least USD 401 (or BDT 34,000) per month or higher, in Bangladesh is expected to grow to 34 million in number by 2025. Which means, in the coming years the demand of the consumer durables will increase significantly.

Question may arise out of all the consumer electronic durables, why only financing of white goods (large machines with an enamel finish; for example: refrigerators, air conditioners, washing machines, microwave ovens etc.) is more focused here. The answer is simple, it's growing demand. Even a few years ago air conditioners or microwave ovens used to be a sign of luxury but now a days such products can easily be categorized as necessity. One of the reasons behind such rapid growth in usage can be increased purchasing power but the role of nuclear families or working women cannot be denied. Convenience is the biggest selling trait of any product in the modern world.

Although the middle income class has drastically risen in the last decade, people are not comfortable spending large amounts of money at once. India has achieved a praiseworthy expertise in case of white goods financing. 60% of the total sale are now made through specific financing instruments out of which only 12-15% is via credit card. With the blessings of data analytics and alternative credit scoring, India is now capable of analysing a client's credit worthiness within few minutes which helps them to cater the growing need efficiently and this is where we have a great scope for improvement. However, to achieve such expertise, the first and foremost requirement is infrastructural development and expertise on data analytics. Moreover, regulatory incentives are also necessary to reach such accomplishment.

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ECONOMY AT A GLANCE

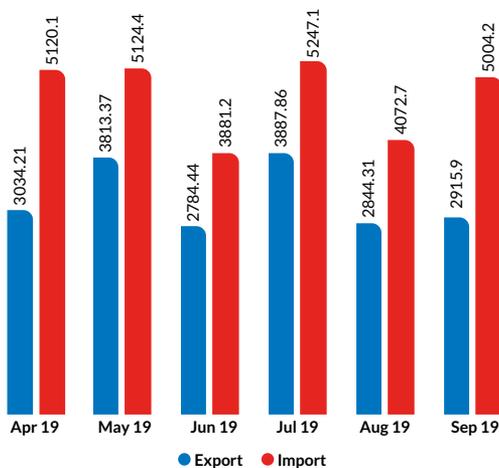
Private credit growth slumped
at 10.04%
 in October '19

Remittance inflow up
5% y-o-y in
USD 1.64 billion
 October'19

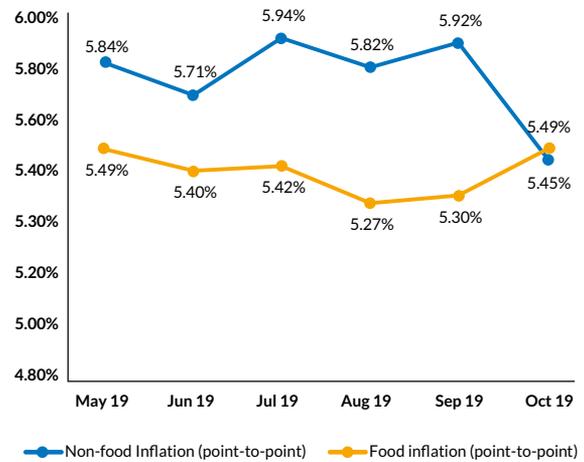
Inflation Rate
Down to
5.47%
 in October'19

EXPORT-IMPORT

(USD in million)

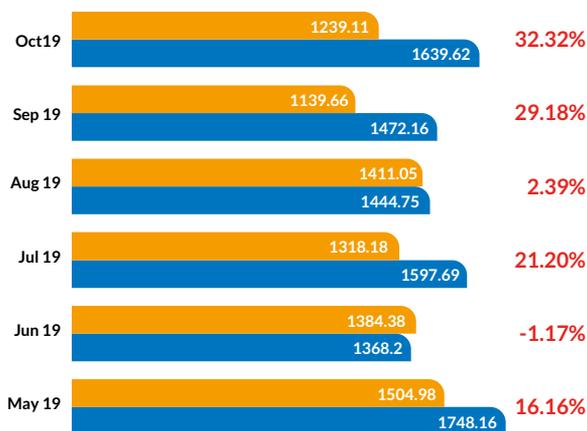


INFLATION

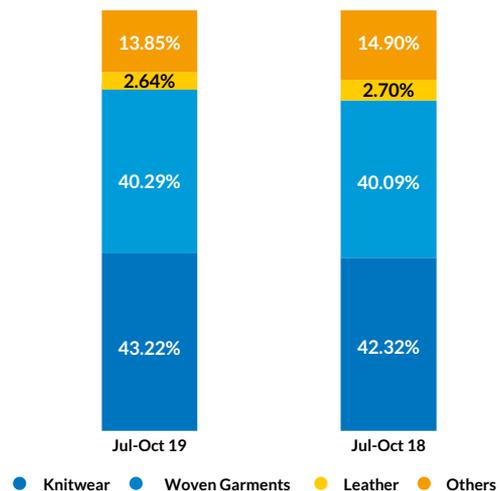


REMITTANCE

USD in million, Y-O-Y % Growth

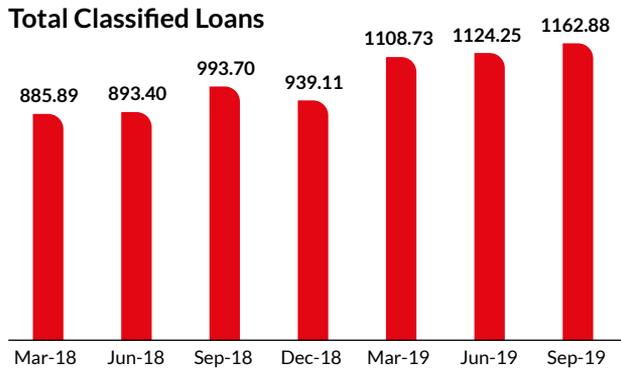


SECTOR-WISE EXPORT



MONTH IN BRIEF

● Volume of NPL up 24% in third quarter of 2019



● In September of the current fiscal year 2019-2020, the overall weighted average bank interest rate spread dropped to 3.91%.

● Bangladesh sees negative growth over **Brexit issue, an 11% drop in denim exports to EU.**

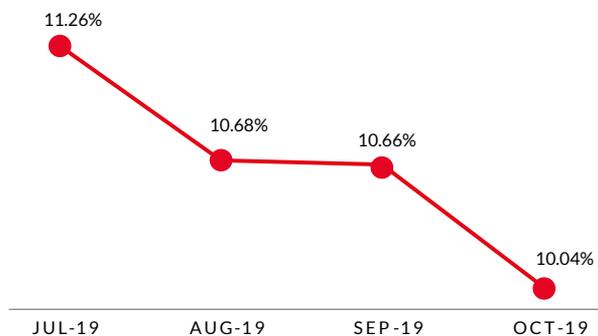
● Inflation slipped seven basis points to an eight-month low of 5.47% in October, despite the rising prices of onions.

● The National Board of Revenue (NBR) has decided to impose Value Added Tax (VAT) on unprocessed tobacco in a bid to offset the recent decline in its revenue earning from the sector.

● The country's export earnings declined by 6.82% during the July-October period of the current fiscal year.

● The International Finance Corporation (IFC), a sister concern of the World Bank, is set to float the first-ever Bangladeshi Taka-denominated bond on the London Stock Exchange.

● Private Sector Credit Growth hits fresh 9 year low



● RMG exports to US grow by 9.96% in 9 months.

● Foreign direct investment to Bangladesh surged 51% last fiscal year to its highest on record, riding largely on Japan Tobacco's acquisition of Akij Group's tobacco business for USD1.47 billion.

“WE ARE ALSO INTERESTED IN IMPORTING ELECTRICITY FROM BHUTAN”

Nasrul Hamid, State Minister of Power and Energy, on importing power to meet growing energy demand.

“Why is import negative?”

Dr. Ahsan H. Mansur, Executive Director of the Policy Research Institute of Bangladesh, on low imports despite achieving 8% economic growth.

“There are many countries who took loans without considering the implications faced troubles later”

Dr. Debapriya Bhattacharya, Distinguished fellow at the Centre for Policy Dialogue, on Bangladesh external debt payment reached a new high of nearly \$500 million.

“We are taking steps to expand the tax net”

Syed Abul Hossain, Former Communications Minister, on the Tax Fair bringing up BDT 2,613 crore

“THIS MEANS THAT THE GROWTH IS HAPPENING IN PHYSICAL TERMS ONLY,”

Rubana Huq, President, Bangladesh Garment Manufacturers and Exporters Association, on RMG exporters cost of production of apparel items going up by 30% over the last 4 years

“THERE IS A GREAT POTENTIAL TO DEVELOP THE ECONOMY THROUGH THESE ENTREPRENEURS,”

MD MURAD HASSAN, State Minister for Information, on sanctioning SME loans through NGOs

WORLD ECONOMIC INDICATOR-NOVEMBER 2019

Country	Inflation (%)	Current Account Balance (% of GDP 2019)	Gross Domestic Product (yearly % Change)	Interest Rates (%), Ten years treasury bond	Currency Units (per USD)
Frontier Market					
Sri Lanka	5.00	-2.70	3.70	10.62	181.17
Vietnam	1.98	2.50	6.60	3.62	23,208.50
Kenya	3.83	-5.20	5.60	11.65	103.25
Bangladesh	5.74	-2.30	7.40	9.25	84.80
Emerging Markets					
Brazil	3.20	-1.90	1.20	4.70	4.19
Egypt	7.50	-0.80	5.60	N/A	16.10
Saudi Arabia	-1.10	1.90	2.40	N/A	3.75
India	3.20	-1.80	4.50	6.50	71.50
Indonesia	3.40	-2.20	5.00	7.10	14,105.00
Malaysia	1.50	3.10	4.40	3.40	4.18
Phillipines	1.70	-1.30	6.20	4.60	51.00
South Africa	4.30	-3.90	0.10	8.40	14.60
Turkey	15.00	-0.20	0.90	11.90	5.75
Thailand	0.30	6.00	2.40	1.40	30.30
China	2.80	1.50	6.00	3.00	7.06
Russia	4.30	6.20	1.70	6.50	63.90
Developed Markets					
France	0.90	-0.70	1.40	0.00	0.90
Germany	1.20	6.60	0.50	-0.30	0.90
Italy	0.40	2.90	0.30	1.40	0.90
Spain	0.10	0.80	2.00	0.50	0.90
Hong Kong	3.50	4.40	-2.90	1.60	7.83
Singapore	0.50	14.30	0.50	1.70	1.36
United States	1.70	-2.40	2.10	1.80	1.00
Denmark	0.40	7.80	2.10	-0.30	6.74
Netherlands	2.80	9.60	1.90	-0.20	0.90
Australia	1.60	0.10	1.70	1.10	1.46
Switzerland	0.10	10.20	1.10	-0.60	0.99
Britain	0.20	-4.20	1.00	0.80	0.76

NEXT-GENERATION CORE BANKING PLATFORMS: A GOLDEN TICKET?

Fintech has changed the game as far as banking is concerned. Online banks (or neo-banks) are taking over the market, winning larger shares of the market and serving customers at one third the cost of traditional banks. Fintechs are targeting lucrative niches in the value chain. Big tech players, with their large customer bases, pose a real threat and a few incumbents are investing heavily in innovation, putting laggards in the shade. The industry may almost be on the verge of a hostile takeover.

Fintechs are growing their businesses and attracting customers with the help of modern core technology architecture, which enables them to innovate faster and operate more efficiently. This is leaving incumbent banks increasingly concerned about their own limitations, particularly concerning their core architecture and their relatively slow change of pace. According to a McKinsey survey of 37 banking executives in May of 2019, 7 out of 10 banks are reviewing their core banking platforms.

The McKinsey survey identified four key areas in which traditional platforms inhibit performance:

- **Cost:** Cost is the most important aspect of the industry given the low return on equity (ROE). Yet technical debt in traditional systems consumes large chunks of the IT budget—one mid-sized bank spent two-thirds of its digitization budget on this aspect alone. Clunky traditional systems are associated with manual software delivery and low straight-through-processing rates which keep costs higher than actually needed.
- **Time to market:** Being able to launch products quickly is a critical competitive differentiator in the current crowded marketplace. Faster product delivery is restricted by the multiple interdependencies, bottlenecks and manual delivery processes in the traditional structure.
- **Personalization:** Customers in the modern day increasingly expect a personalized experience. But banks often store data in multiple product-aligned core systems, which prevents them from catering to individual needs.

- **Ecosystems:** Partnerships are becoming critical to creating the products and services of the future. Yet current architectures lack the connectivity to third parties that would enable innovation.

The good news for traditional banks is that the tools are at hand to address these challenges posed to them by the neo-banks. A new generation of cloud-native core banking platforms is emerging, including Mambu, 10X, Thought Machine, and FinXact, alongside offerings from the traditional core platform vendors.

The tools are as such:

- **Reduced IT costs:** Banks can cut spending through higher developer productivity and removal of technical debt. They can achieve further efficiencies by leveraging cloud-based services.
- **Accelerated time to market:** Banks can easily and speedily develop new products and services in comparison to neo-banks. Higher levels of standardization make it simpler to leverage modern tools such as automated testing and therefore to implement more frequent deployment cycles.
- **Data and a customer-centric proposition:** Data capabilities are set to become a critical differentiator. Modern platforms support integrated data sets and a single source of truth. These in turn create the ability to offer personalized experiences in real time and run advanced analytics for sharper decision-making.
- **The ability to scale through partnerships and innovate:** New platforms enable rapid scaling and less expensive development of ecosystems and ancillary services.



ABOUT THE RESEARCH

'Next-generation core banking platforms: A golden ticket?' – is a McKinsey article by Phil Tuddenham, a financial consultant in Europe. The article states how incumbent banks are concerned about the limitations of their core architecture platforms.

BUSINESSES EXPECT ROBUST GROWTH NEXT YEAR

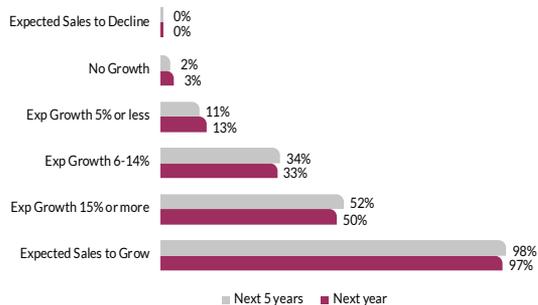
RESEARCH IN FOCUS

According to the HSBC flagship report 'Navigator', 97% of business enterprises in Bangladesh say that they will expand their operations next year. This renewed confidence comes from the idea of a strong economy and positive international trade prospects. The Navigator survey is the largest of its kind, conducted by Kantar, a major research company, on behalf of HSBC.

The study considers the sentiments and expectations of businesses about the near to mid-term future on a multitude of topics such as business outlook, international trade, geopolitics, sustainability, technology and wellbeing. These are responses made by decision-makers working at 9,131 businesses (small, mid-market and large) across a broad range of industry sectors in over 30 markets. The survey was conducted in August and September of 2019.

Bangladesh is one of the fastest growing economies in the world. Its GDP has nearly tripled in the last 10 years and continues to grow at around 7-8% every year. This growth is driven by strong economic demand, private consumption and exports. The market has greatly benefited from trans-Pacific trade tensions by boosting exports to both China and the US, although it is not insulated from softening global demand.

Expectations for Future Business Growth



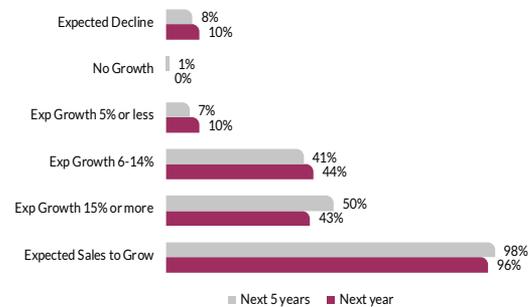
Bangladeshi businesses are brimming with confidence, a reflection of the booming economy. Almost every company (97%) is projecting growth in the next year, half of which are classed as high-growth firms that are expecting to grow by at least 15% – which is more than double the global average at 22%. On a five-year horizon, this dynamism is expected to continue, with 52% of Bangladeshi firms

are also expecting a growth of at least 15%. 77% of Bangladeshi companies believe that a favorable political climate is a key driver for growth, compared to the 20% of firms surveyed globally.

India, by comparison, is expected to become one of the world's top three economic powers over the next 10 to 15 years. Government initiatives such as 'Make in India' and 'Digital India' aim to boost the manufacturing and technology sectors, making Indian businesses highly optimistic for the future, both near and long term. The country's status as the world's third largest base for fledging businesses with more than 4,750 tech start-ups adds a value to this optimism.

Over the past years, companies in India have become more optimistic about their businesses. Almost all (98%) companies surveyed expect their sales to grow over the next five years, while half (50%) anticipate a growth of beyond 15%. These high-growth firms are more than twice as optimistic as businesses globally and so is Bangladesh. This confidence comes from the prospect of new markets opening up, the availability of high quality suppliers and plans to invest in technologies that will pave the way for new products and services.

Expectations for Future Business Growth

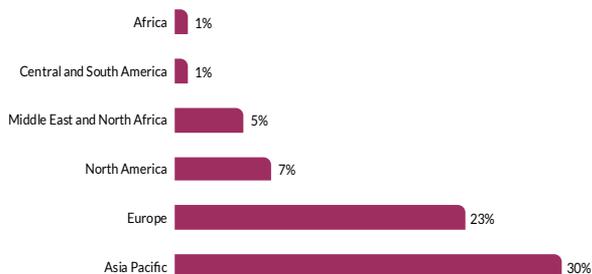


Bangladeshi businesses share the global sentiment that trade will continue to grow over the next five years. China is still the largest single trading partner, although the number of Bangladeshi companies trading with China has dropped from 50% to 43%. Japan has grown more than tripled (3x) in importance with 36% increase in 2019 from 11% in 2018, replacing Malaysia to become the second most important trade partner in Asia Pacific Region. Meanwhile, trade with most major European

economies, such as Germany, France and Italy has fallen by at least 50% in the last year or so. The slack has been picked up by the US, which has grown doubled in importance (to 16%) in that same year.

Bangladeshi businesses believe international trade is a force for good, with many being confident that it will drive innovation (94%) and improve efficiency (92%).

Future trading expansion markets in the next 3-5 years (by region)



Future trading expansion markets in the next three to five years (by market)

1	Malaysia	11%
2	Germany	10%
3	Japan	9%
4	Singapore	7%
5	United Kingdom	5%
6	India	5%
7	China	4%
8	France	4%
9	United States	4%

Firms in India believe that North America, Europe and markets in Asia Pacific region will continue to be their key trading partners, and there are indications that both Europe and North America will rise in importance over the next 3-5 years. While firms belief will remain strong (expected to grow from 47% to 49%), Europe (from 34% to 45%) and North America (from 27% to 32%) are believed to be increasingly important. In the Asia Pacific region, China (expected to grow from 9% to 11%) and Japan (expected to grow from 6% to 10%) are expected to gain further importance for Indian firms in the next 3-5 years.

More than two-thirds of Bangladeshi businesses believe that introducing sustainable business practices will increase sales, while nearly 50% think it will help them better meet buyer expectations. Bangladeshi companies are well ahead of the global

average in considering these factors (both factors cited by 23% of firms globally). Companies are also feeling external pressure to adopt sustainable practices in the next five years: 60% see investors as the primary driver in this area while 55% feel motivated from the increased competition. 5G and data security are the two technologies which Bangladeshi companies believe will have the greatest impact on businesses in the next 5 years.

The need to improve both the transparency and efficiency of business operations are the main drivers for sustainability in India, but companies are also under pressure to meet regulatory standards. While customer expectations are less of a motivating factor than in many other markets, this is still cited as one of the key reasons to adopt sustainable practices. Indian businesses feel that the most relevant UN Sustainable Development Goals are health and wellbeing (38%), followed by quality education (33%), and gender equality, and innovation and infrastructure (both 31%). Across the environmental, social and governance factors, businesses in India focus on executive salary and compensation (relevant for: 35%, measured by: 25%), and product safety and quality (relevant for: 26%, measured by: 17%) the most. Artificial intelligence (AI), data security, 5G and the Internet of Things (IoT) are the technologies that Indian companies believe will have the biggest impact on their business in the future. While technology is seen as an enabler for improving productivity and reducing costs, there are some specific benefits linked to certain innovations. AI, IoT, data security and 5G are such examples, that are expected to help improve speed to market, while 5G is also seen as likely to lead to improved sustainability. Companies suggest both IoT and 5G have the power to improve product and service delivery, while data security technologies are expected to improve the customer experience.

It seems as though India is going ahead of Bangladesh in terms of considering, planning and implementing not only technology, but also employee wellbeing in the workplace. These practices are necessary to build a sustainable business.

ABOUT THE RESEARCH

HSBC's 'Navigator' - is an annual research conducted by Kantar in association with HSBC. The reports capture business sentiment from 9,131 companies globally, including 193 Bangladeshi companies.

WHITE GOODS FINANCING

Prospective Market Segment
for Retail Lending

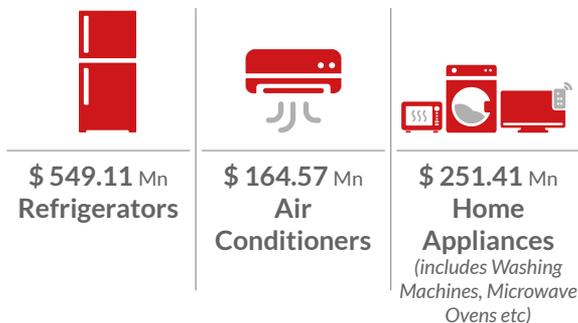


Did you know that consumer electronics and domestic appliances have been categorized on the basis of colour such as brown goods, grey goods and white goods? Consumer electronics (electronic devices bought and made for personal use rather than commercial use), comprise the brown goods class. Grey goods are mostly computers and all devices associated with computers such as printers, scanners, joysticks etc. The Grey and brown markets have been known to intersect every now and then, with electronics that fall into both categories. Finally we arrive to the topic of discussion – white goods. White goods are heavy consumer durable goods which usually have a white enamel finish. This category includes air conditioners, refrigerators, dishwashers, microwave ovens, induction cookers and many more. The term ‘home appliances’ is quite self-explanatory as it includes goods or a device or piece of equipment designed to perform a specific task. Thus, entertainment devices such as televisions are not included in the white goods category.

The market for consumer electronics consists of a number of segments, each of which has a significant share in the total market size. In order to get a comprehensive understanding of the market, the consumer durables market has been classified into 3 major categories Refrigerators, Air Conditioner & Home Appliances:

Market Size:

The continually growing market in Bangladesh stands at USD 965.78 Million as of 2017.



Source: Databd.co

Market Size by Product Category

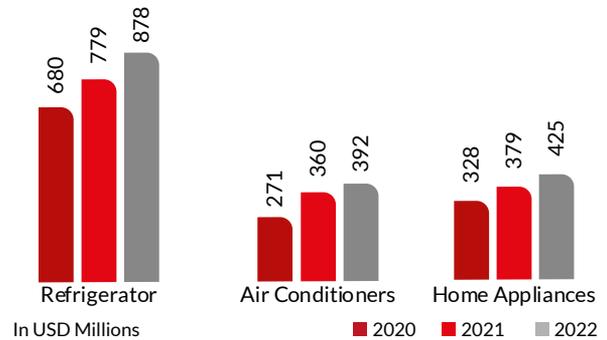
Refrigerators: **57%**
Air Conditioner: **17%**
Home Appliances: **26%**

Source: Databd.co

Growth Forecast

All of the product categories are experiencing rapid growth and forecasts indicate a continuous growth in the coming years. The market standing for refrigerators look the most promising in terms of growth.

Consumer Electronics Market-Growth Forecast



Source: Databd.co

Competitive Landscape

Consumer Electronics is a competitive market with a wide ranging products from both international and local players. Due to the brand image and credibility, the international brands have stronger association with the customers. Local players, however, are dominating the market in terms of sales volume, mainly due to competitive pricing.

Major Brands in the Market

Product Category	Local Brand	International Brand
Refrigerator	Walton, MyOne, Minister	Samsung, Whirlpool, Kelvinator, LG, Hitachi, Hier
Air Conditioner	Walton, Rangs	General, LG, Daikin, Gree, Carrier, Whirlpool
Home Appliances	Walton	Miyako, Sebec, Panasonic, Sharp, Steamfast

Market Share by Category

Refrigerators

In the market for Refrigerators, famous local brand Walton is in the leading position with 54% market Share, taking over more than half of the market share. The second position is held by international brand, Singer.

Market Share by Brand -Refrigerators



Source: Databd.co

Air Conditioners

The Air Conditioner market used to be dominated by foreign brands like LG, General and Gree. In recent years, local brands such as Walton has started manufacturing/assembling air conditioners at competitive prices.

Market Share by Brand - Air Conditioners



Source: Databd.co

Reasons behind increase of demand:

Bangladesh consists of the world's 8th largest population, with consumer spending at around USD 200 billion and a booming economy growing at 7% annually. Bangladesh's geo-strategic positioning between India and China allows it to be a trading focal point of South Asia, this has allowed expansion opportunities for multiple sectors over the last decade.

Now obviously, a booming economy, a huge population (mostly under 35) and an increasing number of business industries means that the Bangladeshi consumer market is growing at an exponential rate. The rising middle and affluent class (income of USD 400 or higher) consumers have been playing a critical role in this extraordinary growth. According to a study in 2015 by the Boston Consulting Group, the middle and affluent class in Bangladesh is expected to grow to 34 million in number by 2025.

Factors that are affecting consumption patterns are demographic dividends – a younger population depicts there is strong demand for goods like fast food, coffee and other beverages and consumer durable items. The increasing urban population and growing number of nuclear families (30% of the total population now lives in urban areas, a large increase from only 19% back in the 1990s), A rising literacy rate, growing middle class, white collar culture and globalization (all thanks to the advent of information technology and social media), has changed the consumer market quite drastically. Due to growing economic prosperity across the board, middle and affluent class population residing in smaller cities increasingly have spare capital to invest in consumer durables.

With rising income, demand for consumer durables will be increasing and the current industry growth of 15% is projected to increase further. Alongside, with ease of making hire purchase and new electricity connections across the country, demand for consumer durables are expected to increase in the near future.

White goods financing in India

The rapid growth in the economy of India has been mentioned in the past few years. Considering almost same socio-economic condition and other variability, the consumption of white goods in India is also growing significantly. Moreover, because of the recent import duty hike and mirroring the smart phone and television producers, the producers of refrigerators, washing machines and air conditioners have launched a “make in India” thrust. According to the Economic Times, the local manufacturers have already invested in the expansion of the manufacturing plants. However, such initiatives are taken to cater the growing demands of white goods. As the white goods are not considered luxury products anymore to cater the demands of the financial industry of India, it has also achieved a great advancement in case of financing such products. Now the consumers do not have to go through time consuming process of taking personal

loans to avail their desired white good products. The clients are able to take on the spot loan or even a loan without credit card to buy the desired product which means that they do not have to undergo lengthy documentation processes in order to take a credit. Such facilities are available not only for white goods but also for brown or grey goods. To reach the mass people, the financing companies are building a robust network with the home appliances supplier outlets. Moreover, the consumers are getting the scope to select a flexible EMI plan which suit their pockets and does not cause any burden on their monthly expenses. Surprisingly, some financial institutions even offer some value added services with such apparently risky financing schemes. The value added services include payment holiday, free early repayment and other fringe benefits. Among the financial institutions, the Non-Banking Financial Companies (NBFC) of India are doing better in case of financing white goods or home appliances. As a matter of fact, NBFCs such as Bajaj Finance are doing better than the banking institutions. According to the Financial Chronicle (a newspaper and global business networking platform of India), 60% of the total sale of consumer appliances are sold through financing (50-55% of which are through NBFCs and 12-15%) through credit card sales. The NBFCs have the early movers advantage here banks still have a long way to go to give a strong fight. Moreover, in India, NBFCs can offer zero interest financing which banks are not allowed to provide as such loans are not transparent enough. However, the interest cost of such zero interest schemes are normally distributed among the manufacturers, dealers and customers as processing fees. The Financial Chronicle also mentioned that Bajaj finance is the market leader, followed by Tata Capital and Capital First which recently merged with IDFC.

Even though consumers can avail credits facility for any home appliances but according to Bajaj Finance Limited; the products which are popular among their appliances credit takers are: refrigerators, washing machines and air conditioners. This means that the consumers take credits to buy white goods more compared to other products. The secret behind the rocket fast credit services of these institutions is the advancement of information technology. With the blessings of IT, the financial institutions of India are now capable of offering spot credit to their clients as the eligibility analysis takes only a few minutes. Moreover, the documentation is also easy. All the client must have a regular income source and mandatory documents are required by the regulatory board. The client does not even need to visit the financial institution to get the credit as all the processing will be done at the retail store of the white goods. Moreover, if the client has taken any other credit previously from that particular institution, he or she will be eligible for some pre-approved credits and there will be no need of documents resubmission. Such loans normally run for 6 to 9 months and the clients have some flexibility to choose EMI size and tenure. However, for the institutions, operational strength is very crucial for such schemes as underwriting and collection strength are absent because of absence of collateral. It can be said that the conventional way of underwritings has been replaced by data analytics tools, credit bureau and social media presence. To be successful in this sector, banks and NBFCs depend largely on data analytics. The only way to manage is to create a homogenous pool and use analytics for disbursement which is possible only with strong analytics team. Thus companies that can manage to keep the credit and operational cost low, will win the game.



Has consumer durables book of **Rs 16,381 crore**, the net NPA (Non Performing Assets) is close to **0.57%** which varies between **0.5%** and **4%** for different geographies

Bajaj Finance funds around **20-25%** of the consumer durables sales

Has the lowest operating expense in the consumer durables segment

The opex to AUM (Asset Under Management) is **4%** now against **10%** in 2010

60,000 active distribution network, servicing around **30** million customers

aims to have **75** mln customers across **2,000** cities and towns in India in **5 years**

Source: The Economic Times, Financial Chronicle, <https://www.bajajfinserv.in/>

White goods financing: Scenario of Bangladesh

● Current ways of borrowing money for white goods

“0% Interest-EMI payment” is the most widely used term in the world of consumer appliances financing in Bangladesh. Besides traditional financing through personal loans, now a days buying appliances through credit cards has gained enormous popularity among the consumers. Thus, banks are in a better position than Non-Banking financial institutions (NBFIs) as credit card facility is mostly provided by the banks in Bangladesh. Availing a personal loan is comparatively time consuming and requires a good amount of documentation. On the other hand, using credit cards does not require extra documentation or processing time. White goods are not considered a luxury rather a necessity. Now the consumers of white goods can vary from sub-urban to rural areas. Credit cards can be easily accessible around the urban parts of the country although it's not quite popular in the sub-urban or rural areas.

However, even though credit card is a very handy way to buy desired goods immediately, it is advised not to charge such big amount with credit card. It is because buying white goods blocks a good part of credit limit which can be needed in case of emergency. Sometimes the manufacturers or distributors arrange a non-financial institution credit service for their clients where the clients are allowed to pay back in installment. In such cases local knowledge is the collection strength.

Question may arise why it is important to have a product dedicated for white goods financing. Considering the usage and demand side availing a personal loan is a quite lengthy process. Moreover, such goods are widely used in day to day life. Thus, every household will be interested in having the product as early as possible. On the other hand, comparing to other major loan facilities like home, car etc. the amount of white goods credit is comparatively small. Thus, having a financing product, which is faster in processing for such products will increase the sale of such products and the growing demand will lead to industrialization. Moreover, the white goods distributors are widely targeting the sub-urban and rural market and

KEY INFO

- Market is worth over **USD 965 million** as of early 2018
- **Market leaders:** Walton, Rangs (local) and LG, Singer (international)
- **Local players** dominate market due to competitive pricing
- Indian NBFCs are ahead of banks in **white goods** financing
- **2 modes** of white goods financing popular in BD: credit cards & personal loans

lengthy documentation process is not much appreciated in such markets. Thus, a consumer financing product with faster processing can be a blessing for white goods industry.

● If Banks and NBFIs are capable to finance such goods through spot financing like India

Such small ticket loans can make a huge asset portfolio if provided in bulk amount. Banks and NBFIs of Bangladesh are definitely capable of providing such spot loan service like India but unfortunately the infrastructure is still not ready. To provide such service it is very important to have a strong data infrastructure and alternative credit scoring model which the biggest strength of India and our weakness. For India the whole process of credit analysis takes only two minutes because with strong data infrastructure the financial institutions are capable of analyzing an individual's deposits, credit and other transaction related behavior within seconds and provide a score based on which the financial institution reach the conclusion about that individual's credit worthiness.

● Opportunities and threats in such schemes

Such alternative score card system can only be a blessing for any sector if the data is not manipulated. If spot loan service is established it will be a milestone for consumer financing. As it can be seen from home and auto mobile loan, easy

financing can boost the industry any consumption. The similar trend can be assumed for white goods. The demand is already there; easy financing will not only boost the consumption but also motivate the local manufacturer to produce more.

However, every credit facility comes with risks. It can be assumed that for such facility the chances of defaulting are very high. Moreover, data manipulation or system failure can also be considered as threats. Considering the instability of the economy before launching such product ensuring strong security and provisions against such loans is important.

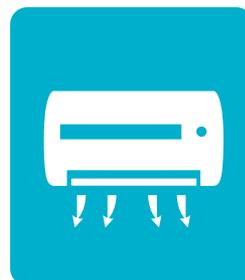
Way forward

There is no doubt that ensuring easy financing will unleash a new era for consumer financing. Even though right now the economy of Bangladesh is concentrating more on industrialization, consumer financing can be a way to achieve desired success in industrialization. Thus, regulatory incentives are compulsory followed by a strong data infrastructure and data analytics expertise. Moreover, a strong collection process is mandatory to avoid the consequences of non-playability. In such case, the manufacturers and dealers can come to an agreement where they can share the burden of payment defaults.

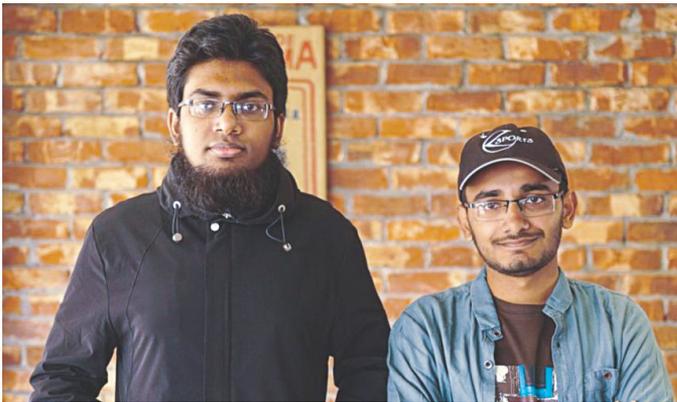
One option for such collaboration can be, forwarding the collection responsibilities in the hands of the dealers or manufacturers as the manufacturer or distributors have the strength of local consumer knowledge. This would require dealers to be sincere in their efforts to collect money from their customers. If the dealers have a large number of customers, then they will have to even open new departments and hire new employees to ensure collection is done efficiently and on time, because accountability of payment now lies with the dealers. First loss credit facility/second loss credit facility can also be an alternative where the financial institution

will cover a smaller part of the default amount and the rest will be covered by the manufacturer/distributor or vice versa. This is a fruitful process as the default portion can be covered by the manufacturer or distributor's profit margin. Another solution can be the overdraft system. This means that the manufacturers will take loans from the financial institutions and then sell using EMI system themselves. This will allow smaller businesses to sell using the EMI method and thus acquire a large customer base. Now if the loans for the manufacturer is at a 5-10% rate, in order to ensure a profit, the manufacturers may charge a significantly higher rate while selling via EMI. They may not also be equipped to handle or ensure collection from a large customer base moreover the manufacturer or distributor can charge higher amount of interest which will not be fair to the clients. Guarantee coverage is also very important when handing out loans in Bangladesh. Because the infrastructure is not very strong, people tend to take advantage of it. Any form of guarantee to ensure payment is important. This can be keeping the landlord as the guarantor for white goods financing, so that he may seize assets when the individual tries to move or elope. A down payment may also be a form of guarantee coverage, so that the minimum losses may be covered in case payments are not paid periodically. However, incentives from regulators is a must for any kind of changes thus nothing can be done without the support the regulatory authority.

In the end, it can be stated that, like other consumer financing products easy processing spot loan for white goods is also possible to establish in Bangladesh even though we are some steps behind. However, in past few years Bangladesh made mentionable advancement in information technology. Thus, with proper planning and regulatory incentives the financial industry of Bangladesh can be able to make the sub urban and rural households of Bangladesh well equipped with white goods.



BOHUBRIHI



Galib Hassan Khan Yanur Islam Piash

Founder, Bohubrihi

In 2015, Yanur Islam Piash and Galib Hassan Khan, the future founders of Bohubrihi, enrolled into the Bangladesh University of Engineering and Technology. They were studying Chemical Engineering and were more acquaintances than friends. Piash and Galib didn't hang out outside class, in fact they didn't talk about much more than their courses at university. But Piash and Galib both believed that in order to be better, one had to learn things oneself. This love for self-education became the crux upon which a beautiful friendship was formed. Piash was interested in learning software skills, while Galib was interested in programming and coding. They both started honing their skills using various online platforms like Coursera, EdX and Lynda. A couple years later, they both began apprenticeship under a research project for their department. While discussing which learning platforms to best utilize, they happened upon the realization that there were no significant websites that allowed access to such courses in Bangladesh. There were websites that allowed tuition for school and college levels, but none that allowed for corporate skill learning. There were some DVDs that allowed for such courses, but nothing of mentionable quality. To the founders of Bohubrihi, learning is not just tuition, but an experience. So, in discussing learning platforms, Piash and Galib discovered opportunity and set to work creating Bohubrihi.



In the middle of 2016 they started working on the website. But it was a lengthy and difficult process that took over a year and a half. They finally launched the beta version of their website in 2018. Skills and money were both short at hand. They gathered 6-7 students from their department (all first and second year students at the time) and started working. The initial investment was only BDT 15,000, which Galib and Piash bore themselves using money they earned by offering tuition to younger students. The development period (2016-2017) was the most difficult, there were plenty of financial constraints and there were times when they wanted to quit, but they eventually pulled through. They attribute this success to the people around them, some of whom were in similar positions with their own startups. Their shared frustrations were somehow the thing that pushed them forward. The company is currently funded by two angel investors, both alumni of BUET. The company currently is not looking for any larger investments.

When the website was launched in 2018, there was only one course on the site. Galib and Piash went to senior students hoping for a good reception, but the website failed to gain traction. They didn't give up and went back to work as soon as possible, and in November of 2018, they finally launched the website with 2 more courses and a 50% discount on their courses. This campaign was a success and it reaffirmed their

Key Info

- **2,000 taking** using the site to learn corporate skills
- **One-time fee** platform for self-learning
- **13 courses** on the website

conviction for the business. Since 2019, the website has grown exponentially.

Bohubrihi is an eLearning platform that offers online courses and training to professionals as well as students at a university level. The courses on the platform are designed in collaboration with experts in the particular fields. The website primarily focuses on technology and business. The videos are hosted by Vimeo. Bohubrihi believes that self-learning should be an experience and thus takes a different approach to teaching. Students who take the courses have the opportunity to work on projects and/or assignments unlike tests or quizzes that other competitive platforms offer. Their work on these assignments are reviewed by mentors, which in turn allows for students to specifically understand where they are lacking. This builds a sense of community for the students, and allows for a much greater learning experience.

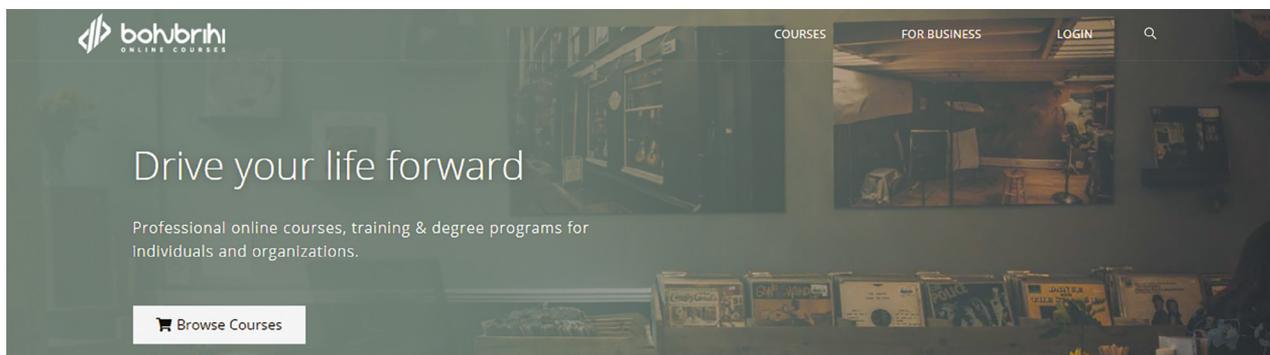
All the revenue of the business comes from the one-time fee that students have to pay while enrolling in a course. This fee affords them full access to the course

and all related study materials. The company previously sold DVDs on request, but no longer does so. Payments for the courses are collected through BKash and Rocket.

When asked how Bohubrihi intends to remain profitable in an age of increasing internet accessibility, the founders stated that they believed they had a product that offered value and an educational experience rather than just a tutorial or course and that their product would speak for itself. Bohubrihi believes that the services they offer have not been made free yet, and that there is still opportunity for high-end customers to purchase premium services which they hope to launch in the future, once the company has a large enough customer base, and the funds to justify the endeavor.

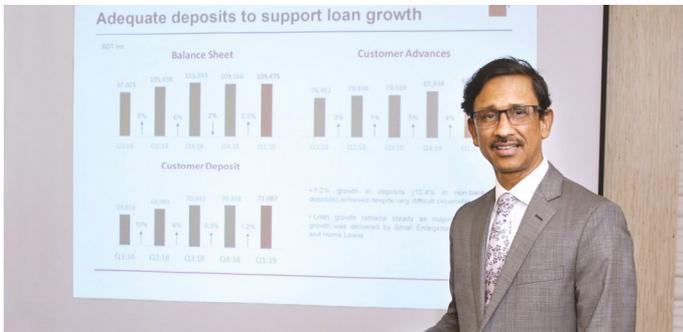
Bohubrihi is currently run by a small team of 8 people, all of whom are current students or alumni of BUET, Dhaka University or the Islamic University of Technology (IUT). They are not just colleagues, but also friends who have known each other for years, which makes for a familial environment at the office. Bohubrihi has come a long way since its inception. The website currently has 2,000 users and offers 13 courses. They are currently concentrating on adding new courses to the platform. And trying to add as much value to each course as possible. E-learning is more than just creating video tutorials, it requires extensive research and development and Bohubrihi conducts industry experts to design the syllabus for each course. Their short term goal is to increase the number of courses offered on their platform to 30 by 2022.

Photo Credit: Avipsu Das Gupta



IDLC AT A GLANCE

QUARTERLY EARNINGS



IDLC's Q1 performance highlights disclosed: core lending operations driving revenues

IDLC reports a consolidated Net Profit after Tax of BDT 1,051 million in the first half of 2019

CSR ACTIVITIES



IDLC enhances medical facilities of Institute of Child and Mother Health NICU at Matuail



IDLC Online Finance Olympiad Season 2 Begins



IDLC organizes pre-Boishakh festivities with underprivileged children



IDLC Establishes Primary School for Bede Community in Malkhanagar, Munshiganj



IDLC & Prothom Alo Trust Continues Scholarship for 10 More Students of Asian University of Women

GLANCE 2019

EVENTS AND SIGNING OF AGREEMENTS



IDLC & IDCOL sign MoU for promoting Sustainable Financing



IDCOL & IDLC to jointly finance PSF project of Debonair Group



IDLC Finance Limited partnered with Chaldal to finance Kitchen Market Vegetable Retailers



AWARDS



IDLC wins ICAB Best Presented Annual Report Award



IDLC Investments bags the Best Investment Bank award of Euromoney



IDLC Awarded as Overall Category Winner among all SAARC Countries by SAFA (South Asian Federation of Accountants)



IDLC Finance Wins Silver Award as "Best Women Friendly SME Bank of Bangladesh" by Global SME Finance Forum

IDLC Honors 4 Theater Veterans for their Technical Contributions in Theater: Curtain Falls on IDLC Natyautshob 2019



Curtain falls of IDLC Finance Limited's 2nd Theatre festival 2019 on November 23, 2019 at Bangladesh Shilpokola Academy, Shegunbagicha, Dhaka after starting on November 19, 2019 for five days.

Esteemed intellectual and Professor Emeritus Dr. Sherajul Islam Choudhury graced 5 day long theatre festival as chief guest which took place at Bangladesh Shilpakala Academy on 23 November, 2019 arranged by IDLC Finance Limited. Special Guest M Hamid, former chairman group theatre federation along with Arif Khan, CEO and MD of IDLC Finance Limited was present during the closing session. The event was attended by several renowned theatre artists.

During the closing ceremony, on its second edition of this festival IDLC honored four theatre veterans for their outstanding contribution in technical categories namely for Light Design, Set Design, Makeup and Costume Design. For light design Raihan Abedin, for set design Ali Ahmed, for makeup Shubhasis Dutta Tonmoy and for Costume Design Ireen Parvin Lopa were awarded respectively for the aforesaid categories with "IDLC Natyjoon Shommanona 2019". Chief guest Dr. Sherajul Islam Choudhury handed over the crests to the thespians & IDLC announces cash reward for them as token of appreciation.

The fest was organized with the production of ten most renowned theater groups. The groups are Dhaka University's "Theatre and Performance Studies

Department", "Nattochokkro", "Tarua", "Podatik Nattyto Shongshod", "Shobdo Nattochorcha Kendro", "Somoy Nattodol", "Dhaka Theatre", "Aurshinagar", "Theater" and "Nagorik Nattyto Shomproday".

We are delighted to see such eager and spontaneous participation of the audience. We are much thankful to all the audience, artists and respected seniors of this fraternity who participated and helped in shaping this festival. I am extremely grateful to the honorable thespians for receiving the awards from us and adding a new level of success to the festival.

- Arif Khan
CEO & Managing Director
IDLC Finance Limited

৩৪ বছর ধরে লক্ষ লক্ষ মানুষের ছোট-বড় হাজারো আনন্দের উৎস

দেশের সর্ববৃহৎ আর্থিক প্রতিষ্ঠান আইডিএলসি ফাইন্যান্স

দেশের মানুষের অর্থনৈতিক উন্নয়নের স্বপ্নপূরণে বাংলাদেশের সর্ববৃহৎ আর্থিক প্রতিষ্ঠান আইডিএলসি ফাইন্যান্স গত ৩৪ বছর ধরে দিয়ে যাচ্ছে অজিনব আর্থিক সেবা ও সুবিধা। ১৯৮৫ সালে যাত্রা শুরু করে বিভিন্ন প্রতিষ্ঠান ও সাধারণ মানুষের অর্থনৈতিক কার্যক্রম এবং জীবনযাত্রার মানোন্নয়নে আইডিএলসি ফাইন্যান্স নিজেকে এক আত্মস্থানীয় সহায়ক হিসেবে প্রমাণ করেছে সবসময়। বিশ্বস্ততা, অভিজ্ঞতা ও সর্বোচ্চ সুশাসন নিয়ে মানুষের বর্তমান ও ভবিষ্যৎ পরিকল্পনার বিশ্বস্ত সঙ্গী হিসেবে ফাইন্যান্সিয়াল সেক্টরে আইডিএলসি বিশ্বস্ত সেবা প্রদান করে আসছে। এর মধ্যে রয়েছে-

- এসএমই লোন • নারী উদ্যোক্তা লোন • হোম লোন • কর্পোরেট লোন • কার লোন • ডিপোজিট স্কিম • ক্যাপিট্যাল মার্কেট ইনভেস্টমেন্ট এবং আরো অনেক প্রডাক্ট ও সার্ভিস



FCB/ATOP/19

দেশজুড়ে ২০টি জেলা শহরে ৪০টি শাখা	আপনার সেবায় ১৪০০ জন নিয়োজিত কর্মী	গত ৮ বছর ধরে ফ্রেডিট রেটিং AAA	শ্রেণিকৃত ঋণ মাত্র ২.২%	৫ বছরে মুনাফা বৃদ্ধির গড় হার ২৬.৫%	দেশের শীর্ষস্থানীয় মার্কেট ব্যাংক ও ব্রোকারেজ হাউজ	বাংলাদেশ ব্যাংক কর্তৃক লাইসেন্সপ্রাপ্ত ও নিয়ন্ত্রিত	সর্বোচ্চ করদাতা সম্মাননা - ২০০ কোটি টাকার কর
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WHY RETIREMENT PLANNING IS IMPORTANT?

People should plan for their retirement savings from the early stage of their career. In a country like Bangladesh, job security, social security and increase in population put a lot of stake on a person's growth in career. As future is not guaranteed and may hold more financial obstacles than in the present, it is important to plan ahead to live a secured life after retirement.

Sometimes, it might baffle a person on how to save from current income source after meeting all needs. The trick is to start early and accumulate every possible bit of savings. Early start enables to benefit from the power of compounding even if the amount is very little.

Retirement planning should include the proximate time horizon of a person's career span, estimating various income sources and expenses, calculating required after-tax return, finding means of different forms of investment to grow wealth and assessing risk tolerance. As retirement plan evolves through years, updating savings and portfolio is a crucial step in the process.

Steps included in the retirement plan:

- **Assessing income and future goals**
People have retirement goals and it's never nice to be dependent on others when a person retires. That's why, estimating pensions, retirement withdrawals and deposits in the bank in the long run can head start a person into retirement plans. Also, not every day would be same. Thus, it's extremely important to save as much as possible during good economic times. Setting goals help a person achieve target, prioritize and plan accordingly.
- **Build a complete actionable retirement plan**
Personalised financial plan is a necessity in today's age. Thus, calculating the future value of current savings is crucial. Also, the savings should not be disbursed at any cost unless it's extremely urgent.
- **Reduce expenditures**
As the world is getting modernized, new innovations are grabbing attention of people. As these products

bring new definition to life, they equally cost a lot. Therefore, before making any expenditure, it's wise to think crucially and not get burdened by wants rather focus on needs.

- **Learn about the benefits of social security, various investments and healthcare.**

Different countries provide various benefits to senior citizens such as healthcare and social security benefits. Every citizen should be aware of the incentives that the government provides. This way it's easier to have a diverse plan and get ahead with plans for the future.

Bangladesh is one of the most densely populated countries and the average life expectancy is around 70 years. Without sufficient savings and good pension schemes, most senior citizens will be dependent of society.

Although Bangladesh doesn't provide typical benefits like most developed countries, but the financial institutions and the pension system do avail benefits to the citizens. Banks in Bangladesh provide some benefits to senior citizens. In general, common features that come along for senior citizens with majority banks are lifetime free Debit Card, free internet banking, attractive discount on locker charge, free cheque books, interest calculated on daily basis and paid monthly, unlimited transactions, online banking facility across all branches and access to largest ATM network. To avail these benefits, the applicant must be 60 years old and above and a Bangladeshi citizen. There are other banks that provide increased interest rate more than conventional savings rate.

There is no formal pension system yet created in Bangladesh for the mass majority, except for only the employees in government services. Most people do not think about future and live on hand to mouth. This actually not only ruins the person's life but also affects economy as a whole. Thus, the government should take steps to bring every employee from all job sectors under appropriate pension schemes to increase social security and ensure development of the country.



Performance of Equity Markets of Bangladesh and Peer Countries

Bangladesh equity market closed the month of November in positive territory. During the month, the broad index DSEX increased by 1.0%, gaining 48.5 points. The blue chip index DS30 and the Shariah index DSES also increased by 1.2% and 0.6% respectively.

Among the regional peers, Vietnam's index declined by 2.8%, while Pakistan (+14.9%) and Sri Lanka (+3.7%) yielded positive returns in the month of November. Similarly, the MSCI Frontier Markets Index also gained +1.5%. Vietnam showed the most encouraging longer term track record with a 5 years' return of 71.3%.

Table 1: Equity market performance in Bangladesh and peer countries

Indices	Index Points, November, 2019	Return*					
		1M	3M	YTD	12M	3Y	5Y
Bangladesh							
DSEX	4,731.4	1.0%	-7.1%	-12.1%	-10.4%	-1.5%	-0.8%
DS30	1,647.7	1.2%	-8.5%	-12.4%	-11.5%	-7.2%	-6.4%
DSES	1,082.2	0.6%	-8.6%	-12.2%	-11.5%	-5.1%	N/A
Peer Countries							
Pakistan (KSE 100)	39,287.7	14.9%	32.4%	6.0%	-3.0%	-7.8%	25.9%
Sri Lanka (CSE - All Share)	6,212.0	3.7%	5.5%	2.6%	3.7%	-0.5%	-13.2%
Vietnam (VNI)	970.8	-2.8%	-1.4%	8.8%	4.8%	46.0%	71.3%
MSCI Frontier Markets Index	738.4	1.5%	-0.2%	9.5%	6.1%	17.5%	0.5%

* All returns are Holding Period Return

Source: Investing.com, MSCI, DSE

Liquidity Condition in Equity Market of Bangladesh

During November, the total market capitalization increased by 0.2%, while free float market capitalization increased by 1.1%. The daily average turnover of November 2019 was BDT 3.8 bn (USD 45.9 mn), increasing by 22.2% from that of last month. Accordingly, turnover velocity which represents overall liquidity of the market increased to 24.9% in November compared to 23.7% of last month. In 2018, turnover velocity of Bangladesh equity market was 37.7%, whereas it was 5.4% in India, 6.9% in Sri Lanka, 34.8% in Vietnam and 70.7% in Thailand.

Table 2: Market capitalization and turnover statistics

Particulars	30-Nov-19	31-Oct-19	% change
Total market capitalization (USD* mn)	42,015	41,924	0.2%
Total equity market capitalization (USD mn)	35,146	35,056	0.3%
Total free float market capitalization (USD mn)	14,267	14,111	1.1%
Daily Avg. Turnover (USD mn)	45.9	37.6	22.2%
Turnover Velocity~	24.9%	23.7%	N/A

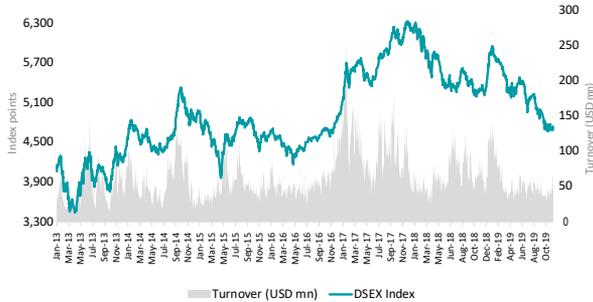
*All USD figures are converted using an exchange rate of 84.90 as of November 30, 2019 as per Bangladesh Bank website.

~Turnover velocity is calculated by dividing monthly total turnover with month-end market capitalization. The figures are annualized.

Historical Index Points and Market Participation Data

Since its inception on January 27, 2013, DSEX yielded a holding period return of 16.7% till November, 2019. During the same period, daily average turnover of the market amounted to BDT 5.4 bn (USD 63.6 mn) (Figure 1).

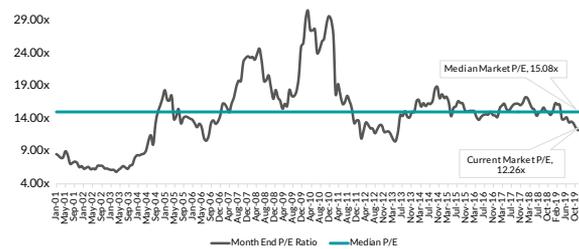
Figure 1: DSEX since inception along with market turnover



Market Valuation Level - P/E Ratio

The market P/E decreased to 12.26x in November compared to last month's 12.61x. It is also way lower than the 19 years' median market P/E of 15.08x (Figure 2). In terms of trailing 12 month P/E ratio equity market of Bangladesh is cheaper than most of its regional peers. (Figure 3).

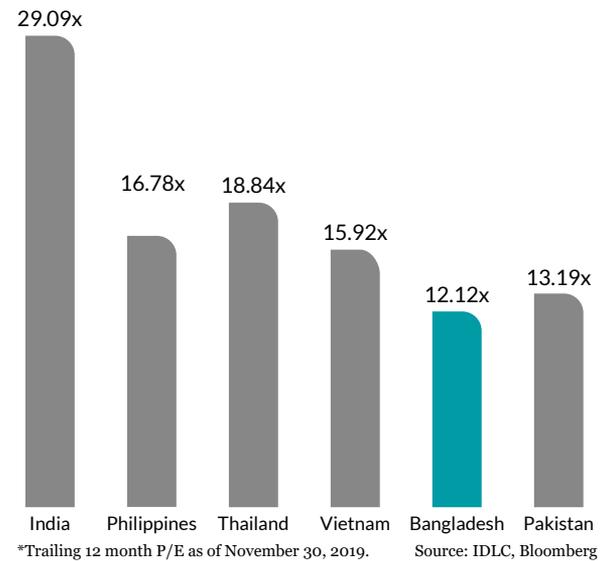
Figure 2: Historical market P/E* and its median Current Market P/E in Context of History



*Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their total audited annual earnings.

Source: CEIC, DSE

Figure 3: Current market P/E* of Bangladesh and peer countries



Sector Performance

During November, among the major sectors, NBFI, Textile, Bank and Telecommunication advanced by 9.5%, 4.1%, 0.6% and 0.2% respectively, while all other sectors yielded negative returns.

The largest sector in terms of market capitalization, Bank is relatively undervalued in terms of P/E ratio.

On the other hand, Telecommunication sector has the highest dividend yield of 8.5% among all sectors.



Table 3: Sector performance snapshot

Sector	Market capitalization (USD mn)		Return*						P/E (x)**	P/BV (x)^	Dividend Yield~
	Total	Free Float	1M	3M	YTD	12M	3Y	5Y			
Bank	6,455	3,659	0.6%	-2.2%	-3.3%	0.9%	27.9%	59.5%	8.3	0.9	2.3%
Pharmaceuticals & Chemicals	5,930	3,152	-0.1%	-5.2%	1.9%	1.2%	20.5%	61.2%	13.0	11.3	2.0%
Telecommunication	5,266	560	0.2%	1.9%	-7.0%	-5.8%	29.0%	26.4%	15.2	2.4	8.5%
Fuel & Power	4,800	1,297	-1.1%	-13.4%	-4.0%	-3.1%	18.3%	34.8%	10.6	1.4	5.6%
Food & Allied	2,892	1,032	-5.0%	-11.4%	-9.8%	-4.8%	17.3%	25.0%	21.0	6.9	1.7%
Engineering	1,887	974	0.0%	-15.3%	-21.9%	-19.9%	-6.2%	32.4%	14.9	1.3	2.0%
NBFI	1,789	562	9.5%	-3.4%	-16.5%	-13.6%	9.1%	-1.0%	13.3	1.5	2.4%
Textile	1,255	708	4.1%	-14.3%	-26.9%	-27.9%	4.1%	24.2%	14.3	0.8	2.5%
Miscellaneous	1,187	301	-1.8%	-13.2%	-5.2%	-5.9%	5.5%	68.5%	21.2	1.1	2.0%
Cement	901	371	9.5%	-10.7%	-25.4%	-22.7%	-46.6%	-52.3%	27.4	2.1	2.6%
Life Insurance	693	316	7.0%	-3.6%	-5.2%	11.5%	35.1%	10.7%	14.1	5.7	1.8%
Non-Life Insurance	621	354	3.6%	7.2%	34.6%	46.6%	59.5%	57.7%	14.3	1.2	2.6%
Ceramics	293	121	1.6%	-4.8%	-8.2%	-10.9%	-4.4%	16.7%	23.2	1.7	1.8%
Tannery	235	118	-9.1%	-22.3%	-28.0%	-27.5%	-24.4%	-8.6%	20.0	1.8	3.3%
Travel & Leisure	265	142	7.8%	-2.8%	-11.2%	-11.8%	12.4%	-14.8%	24.8	0.6	3.0%
IT	212	136	2.7%	-11.1%	-18.8%	-22.6%	25.7%	182.7%	18.1	1.1	1.6%
Services & Real Estate	172	88	4.0%	-10.3%	-15.4%	-16.7%	-31.0%	-41.1%	10.3	0.8	3.2%
Paper & Printing	122	41	3.3%	-12.4%	-36.2%	-25.1%	14.6%	-2.7%	19.1	2.1	2.6%
Jute	32	21	-5.1%	-30.8%	-42.0%	-23.8%	181.7%	189.9%	40.5	9.8	0.9%
Market	34,779	13,807	1.0%	-7.1%	-12.1%	-10.4%	-1.5%	-0.8%	12.6	1.6	3.6%

*All returns are Holding Period Return.

**Price Earnings (P/E) Ratio is calculated by dividing total market capitalization of all profit making listed companies with their annualized earnings excluding companies trading at an annualized P/E greater than 80.0x.

^P/BV is calculated by dividing total market capitalization of listed companies with their total book values excluding companies with negative book values.

~Dividend yield is calculated by dividing last year's declared cash dividend with market capitalization.

Cap Class Performance

During the month of November, all cap classes yielded positive returns, except large cap. Among them, the large cap was the highest dividend yielding (4.1%) class.

Table 4: Performance of different market cap classes

Cap Class	Market Capitalization of Constituent Companies (USD mn)	% of Total Equity Market Capitalization	Return*						P/E (x)	P/BV (x)	Dividend Yield^
			1M	3M	YTD	12M	3Y	5Y			
Large	≥120	82.0%	-0.7%	-6.3%	-6.0%	-4.6%	23.1%	33.0%	12.4	1.7	4.1%
Mid	36-119	11.3%	1.0%	-5.4%	-6.2%	-2.2%	5.4%	21.4%	11.8	0.9	2.1%
Small	12-35	5.1%	1.8%	-8.3%	-18.3%	-18.3%	-2.6%	26.3%	19.4	0.8	2.4%
Micro	<12	1.6%	5.0%	-8.2%	-12.9%	-9.4%	6.7%	24.1%	18.9	0.9	1.7%
Market	-	-	1.0%	-7.1%	-12.1%	-10.4%	-1.5%	-0.8%	12.6	1.6	3.6%

* All returns are Holding Period Returns

Performance of 20 Largest Listed Companies in Bangladesh

Among the 20 largest listed companies in terms of market capitalization, SUMITPOWER (+18.5%) advanced the most in November, followed by BERGERPBL (+14.6%) and POWERGRID (+13.8%). On the contrary, MJLBD (-7.4%) faced the highest selling pressure during the month.

Majority of these companies yielded outstanding return over longer time horizon (5 years) such as BRACBANK (+210.1%), BERGERPBL (+156.4%), RENATA (+151.0%), EBL (+127.2%), and DUTCHBANGL (+122.2%).

Among the scrips SUMITPOWER, GP, TITASGAS, ISLAMIBANK, EBL, UPGDCL, MARICO, PUBALIBANK and POWERGRID recorded a higher dividend yield compared to that of market.

Table 5: Snapshot of 20 largest companies in terms of market capitalization

DSE Code	Sector	Market capitalization (USD mn)		Daily Avg. Turnover (USD mn)	Return*						P/E (x)	P/ BV (X)	Dividend Yield
		Total	Free Float		1M	3M	YTD	12M	3Y	5Y			
GP	Telecommunication	5,061	506	0.35	0.2%	2.0%	-7.4%	-6.2%	30.1%	27.5%	12.7	12.8	8.8%
BATBC	Food & Allied	2,274	601	0.27	-6.7%	-11.3%	-8.2%	-2.0%	33.5%	27.6%	22.4	7.1	1.6%
SQURPHARMA	Pharmaceuticals & Chemicals	2,071	1,358	1.22	-3.5%	-9.9%	-10.7%	-13.9%	9.2%	34.9%	13.1	2.9	1.9%
UPGDCL^	Fuel & Power	1,630	163	0.42	-3.1%	-33.5%	-9.7%	-9.2%	159.1%	N/A	21.5	5.1	4.5%
RENATA	Pharmaceuticals & Chemicals	1,216	594	0.22	0.0%	8.7%	13.1%	13.1%	59.4%	151.0%	25.1	6.5	0.8%
BRACBANK	Bank	843	469	0.91	14.6%	0.2%	-8.3%	-8.3%	54.7%	210.1%	15.8	2.2	0.0%
BERGERPBL	Miscellaneous	771	39	0.03	-4.0%	-10.4%	6.8%	3.4%	24.0%	156.4%	34.2	10.5	1.8%
ICB	NBFI	744	24	0.02	11.4%	-11.3%	-22.1%	-19.5%	4.2%	-21.7%	(11.7)	1.8	0.0%
MARICO	Pharmaceuticals & Chemicals	632	63	0.02	-0.2%	-6.5%	46.0%	44.4%	59.7%	88.5%	17.7	30.8	3.8%
LHBL	Cement	527	186	0.91	18.5%	-0.3%	-9.4%	-2.9%	-47.6%	-61.7%	28.6	3.0	2.6%
SUMITPOWER	Fuel & Power	470	173	0.07	-0.3%	-0.1%	3.7%	4.7%	33.8%	47.0%	6.7	0.9	9.4%
OLYMPIC	Food & Allied	431	312	-	6.4%	-11.6%	-15.3%	-15.9%	-34.5%	15.1%	16.4	5.4	2.6%
DUTCHBANGL	Bank	422	55	0.31	-0.3%	8.5%	24.1%	37.1%	73.5%	122.2%	8.0	1.7	0.0%
BXPHERMA	Pharmaceuticals & Chemicals	383	333	0.17	5.6%	-2.7%	3.3%	3.6%	2.4%	57.8%	9.4	1.2	1.9%
TITASGAS	Fuel & Power	382	96	0.08	-4.3%	-6.3%	-3.3%	-4.3%	-15.3%	-44.7%	11.4	0.5	7.9%
ISLAMIBANK	Bank	349	178	0.21	-4.2%	-17.9%	-20.9%	-18.5%	-31.4%	-10.2%	6.3	0.6	5.4%
EBL	Bank	329	225	0.45	-2.5%	0.0%	10.6%	14.7%	61.7%	127.2%	9.1	1.2	5.3%
NATLIFEINS	Life Insurance	324	74	0.03	13.8%	3.5%	18.7%	58.5%	92.7%	83.5%		29.1	0.7%
PUBALIBANK	Bank	308	215	0.03	-2.7%	0.8%	4.5%	4.9%	56.2%	39.1%	7.0	1.0	3.8%
POWERGRID	Fuel & Power	294	70	0.88	-7.4%	-7.4%	12.9%	12.0%	4.1%	51.8%	4.7	0.5	3.7%
Market		34,779	13,807	45.94	1.0%	-7.1%	-12.1%	-10.4%	-1.5%	-0.8%	12.6	1.6	3.6%

*All returns are Holding Period Return.

^Five years' return is not available for UPGDCL as they were not listed then.

Top Performing Mutual Funds

The top ten open end mutual funds based on 3 year CAGR outperformed the market during the same period. Among them VIPB Accelerated Income Unit Fund (+12.3%) yielded the highest return. On YTD 2019 basis, all the funds generated negative returns. However, VIPB Accelerated Income Unit Fund posted the least negative return (-1.5%), compared to the rest.

Table 6: Top ten open end funds based on 3Y return (CAGR) performance

Name	Asset Management Company	Fund Size (USD mn)	Return		
			2019 YTD*	2018	2016-2018
VIPB Accelerated Income Unit Fund~	VIPB	9.0	-1.5%	-7.8%	12.3%
Third ICB Unit Fund	ICB	3.4	-5.6%	-7.0%	11.2%
Seventh ICB Unit Fund	ICB	4.7	-5.1%	-11.9%	10.7%
LankaBangla 1st Balanced Unit Fund	LankaBangla	4.7	-4.6%	-2.0%	10.7%
Fifth ICB Unit Fund	ICB	3.8	-4.9%	-7.0%	10.4%
UFS-Popular Life Unit Fund~	UFS	8.8	-5.4%	-4.6%	10.2%
Sixth ICB Unit Fund	ICB	3.2	-5.2%	-9.3%	9.5%
MTB Unit Fund	Alliance	9.0	-2.3%	-4.2%	9.2%
Second ICB Unit Fund	ICB	1.4	-7.9%	-7.1%	8.7%
Peninsula AMCL BDBL Unit Fund One	Peninsula	2.3	-4.8%	-14.3%	7.7%
Market (Broad Index) Return (%)			-12.1%	-13.8%	5.2%

*Based on published NAV and DSEX point of November 30, 2019
~ 2016-18 returns are calculated from inception date in 2016.

The top ten closed end mutual funds on the basis of 5 years (2014-2018) performance also yielded negative returns on YTD basis. However, PHPMF1 (-1.3%) yielded the least negative returns, compared to the rest. All these funds are traded at a lucrative discount compared to their NAV. Besides, all the funds also offered higher dividend yields compared to market (Table 7).

Table 7: Top ten close end funds based on 5Y return (CAGR) performance

DSE Code	Fund Manager	Fund Size (USD mn)	Price ¹ (BDT)	NAV ¹ (BDT)	Price/NAV	Dividend Yield ² (%)	NAV Return ³				Redemption Year ⁴
							2019 YTD	2018	2016-18	2014-18	
NLI1STMF	VIPB	7.7	10.9	13.0	84.1%	11.9%	-1.7%	-8.0%	13.3%	14.6%	2022
SEBL1STMF	VIPB	14.3	10.0	12.1	82.4%	12.0%	-1.4%	-8.3%	12.8%	13.7%	2021
GRAMEENS2	AIMS	36.8	11.6	17.1	67.8%	7.8%	-3.0%	-1.6%	12.2%	12.4%	2023
IJANATAMF	RACE	35.2	4.2	10.3	40.7%	7.1%	-1.8%	-4.5%	7.1%	10.3%	2030
RELIANCE1	AIMS	8.3	8.3	11.7	71.2%	12.0%	-3.6%	-1.1%	12.0%	10.2%	2021
PHPMF1	RACE	33.8	4.1	10.2	40.3%	7.3%	-1.3%	-4.9%	8.5%	10.2%	2030
EBL1STMF	VIPB	17.3	4.6	10.2	45.2%	6.5%	-2.9%	-3.5%	9.5%	10.0%	2029
POPULAR1MF	RACE	36.2	4.1	10.3	39.9%	7.3%	-2.7%	-4.4%	8.3%	10.0%	2030
PRIME1ICBA	ICB AMCL	8.2	5.3	6.9	76.4%	11.3%	-5.8%	-8.6%	7.6%	9.4%	2020
ABB1STMF	RACE	29.2	4.1	10.4	39.6%	7.3%	-5.5%	-5.0%	8.5%	9.2%	2032
Market						3.6%	-12.1%	-13.8%	5.2%	4.8%	

1 Price as of December 01, 2019, and NAV published on November 28, 2019.

2 On last cash dividend declared.

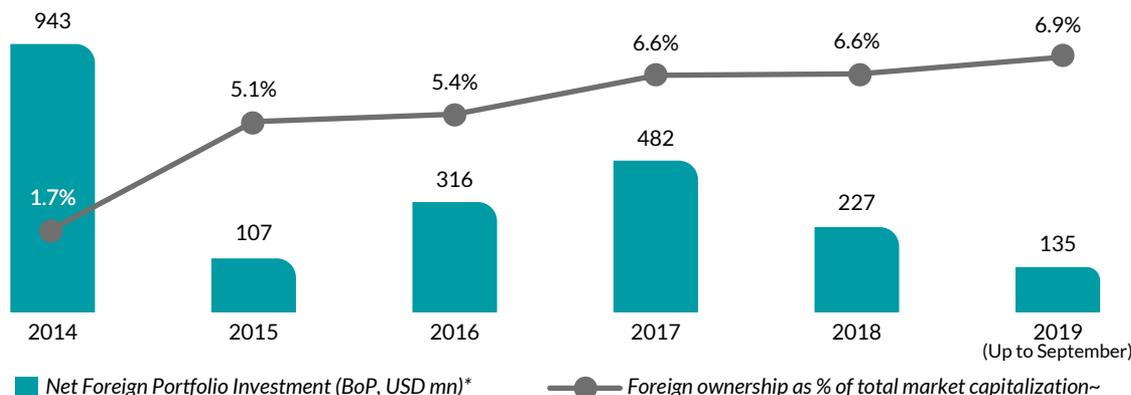
3 CAGR computed for respected periods, except for 2018 and 2019 YTD, adjusted for dividend. YTD returns of funds debuting within the year represent return generated since debut, hence is not directly comparable with return of funds that operated throughout the year.

4 In reference to BSEC Press Release বিএসইকস/মুখপাঠ (৩য় খণ্ড)/২০১১/২৫ published on November 16, 2018, tenure of existing listed closed end mutual funds can be extended by another tenure equal to maximum 10 years, provided that the full tenure of the subject fund does not exceed 20 years in total. However, the mutual funds those are not willing to extend their tenure will still have the option to convert or wind up as per rules and regulations.

Foreign Participation in Equity Market of Bangladesh

Over last 5 years, Bangladesh equity market has seen a surge of foreign investment. As of October, 2019 total foreign ownership stood at 6.9% of the total equity market capitalization, which was only 1.7% in 2014.

Figure 4: Net foreign portfolio investment and foreign ownership as % of total equity market capitalization



Source: DSE and Bangladesh Bank

*Net portfolio investment data are as of December of the respective years.

~% of foreign ownership of equity market capitalization data are as of December of the respective years except for 2019 (October).

Among all the companies with foreign ownership, BRACBANK had the highest foreign shareholding of 43.2% as of October 2019, followed by DBH with 42.2%.

Table 8: Top ten companies with highest foreign shareholding as of October

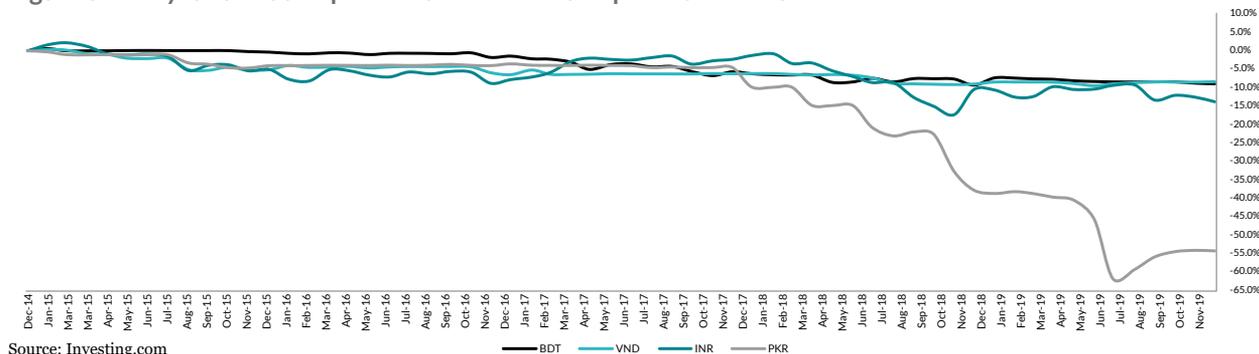
Ticker	Sector	Foreign Shareholding
BRACBANK	Bank	43.2%
DBH	NBFI	42.2%
OLYMPIC	Food & Allied	39.9%
BXPHERMA	Pharmaceuticals & Chemicals	36.9%
ISLAMIBANK	Bank	24.1%
RENATA	Pharmaceuticals & Chemicals	22.4%
MLDYEING	Textile	21.9%
SQURPHARMA	Pharmaceuticals & Chemicals	19.9%
SHEPHERD	Textile	19.8%
VFSTDL	Textile	18.3%

*Source: DSE

Performance of BDT and Currencies of Peer Countries against USD

Since 2015, BDT retained its value better than majority of the currencies of peer countries. While BDT depreciated by 8.9% against US Dollar, other currencies of neighbor countries like Vietnamese Dong (VND), Indian Rupee (INR) and Pakistani Rupee (PKR) lost 8.4%, 13.8% and 54.3%, respectively.

Figure 5: Five year's relative performance of BDT and peer currencies



Source: Investing.com

ব্যবসা ছোট হোক বা মাঝারি
আপনার পাশে আছে

আইডিএলসি এসএমই লোন



White goods are large machines with an enamel finish that are used at home for routine tasks such as laundry, cooking and food preservation. Domestic appliances such as refrigerators, washing machines, microwave ovens and dish washers are some examples of white goods.



Grey goods are computer electronics that may be used both at home or in commercial office spaces. Computer accessories such as laptops, monitors, key boards, speakers, scanners, printers and more comprise the grey goods category.



Brown goods are relatively light electronic appliances, usually those that are used for purposes of entertainment. Examples of electronics in this category include (but are not limited to): televisions, digital media players, gaming consoles, audio equipment, radios and similar broadcasting devices.